

Issue Paper Number 01-030



- ☐ Board Meeting
- ☐ Business Taxes Committee
- ☐ Customer Services and Administrative Efficiency Committee
- ☐ Legislative Committee
- ☒ Property Tax Committee
- ☐ Other

PROPERTY TAX RULES ON LOCAL ROLL PROCEDURES

I. Issue

Should the Board authorize publication of the following changes to the Assessment Roll Procedure Rules, (contained in Title 18, of the California Code of Regulations) as proposed by Board staff?

- Proposed amendments to Property Tax Rule 252 *Content of Assessment Roll*, Rule 254 *Use of Board-prepared Roll as Unextended Roll*, and Rule 261 *Penalties; Form and Manner of Entry*.
- Proposed addition of new Property Tax Rule 255 *Enrollment of Supplemental Assessments*, Rule 263 *Roll Corrections*, Rule 264 *Base Year Value Corrections* and Rule 265 *Board Ordered Roll Changes*.
- Proposed repeal of Property Tax Rule 253 *Machine Prepared Roll, Controls*, Rule 256 *Tape Storage of Roll Data* and Rule 262 *Indexing Assessments of Escaped Property*.
- Proposed renumbering of Rule 304 as Rule 266.

II. Staff Recommendation

Staff recommends that the proposed revisions to the Assessment Roll Procedure Rules as shown in Attachment A be authorized for publication and submitted to the Office of Administrative Law for publication in the California Regulatory Notice Register.

III. Other Alternative(s) Considered

The Board could authorize publication, but accept the Los Angeles County Assessor's proposal to not adopt the addition of new Property Tax Rule 264, *Base Year Value Corrections*.

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IV. Background

Under Government Code section 15606, subdivision (c), the Board is given the authority to prescribe rules and regulations to govern local boards of equalization when equalizing and assessors when assessing. Pursuant to that authority, the Board directed staff to review and to revise sections of Title 18 of the California Code of Regulations, Division 1, Subchapter 2, Article 6 (Local Roll), Property Tax Rules 252 through 262 and Subchapter 3, Article 1 (Hearing by County Board), Property Tax Rule 304; the Property Tax Rules governing local assessment roll procedures. These rules have not been reviewed for several years and for that reason are in need of revision to bring them up-to-date with technological changes in roll processing and record-keeping procedures and in conformity with statutory changes.

Consistent with this direction, the Property Taxes Department and Legal Division staff drafted proposed amendments to Property Tax Rules 252, 254 and 261, proposed the addition of Property Tax Rules 255, 263, 264 and 265, proposed the repeal of Property Tax Rules 253, 256 and 262 and proposed the renumbering of Property Tax Rule 304 as 266. Board staff worked with interested parties to reach agreement on rule language. Staff received input from the Assessors' Offices of Orange, Los Angeles, and Yolo counties. The attached drafts incorporate staff's position and most of the interested parties' concerns. Enactment of the proposed revisions will promote uniformity among counties with respect to local assessment roll procedures.

Among the comments received, interested parties have expressed concern with some of staff's proposed changes which impose roll procedures and content requirements that are not practicable or necessary in view of current electronic record-keeping technology and automation practices. Staff acknowledges that some of the roll processing and content provisions are outdated; nonetheless, staff's proposed changes include those provisions because they are currently prescribed by statute. Staff has been informed that the Los Angeles County Assessor's Office will recommend to the California Assessors' Association that the Association propose technical legislation during the next legislative session to repeal or amend those they consider to be obsolete statutory provisions. These would be non-controversial amendments and it is anticipated that there would be no opposition to such legislation.

If such legislation is adopted, further revisions to the affected rules would be necessary to conform the rules to the statutory changes. However, the rule revisions would be changes without regulatory effect pursuant to section 100 of Title 1 of the California Code of Regulations, which could be made without complying with the formal rulemaking process of the Administrative Procedures Act.

On July 27, 2001, staff held a meeting in Sacramento with interested parties to discuss proposed revisions and reach agreement on the rule language. Staff and interested parties agree on rule language, with the exception of proposed new Rule 264, which addresses base year value corrections. The Los Angeles County Assessor proposes that the Board not adopt Rule 264; this is presented in Alternative 1.

V. Staff Recommendation

Adopt staff's recommended revisions, additions, repeal and renumbering of Property Tax Rules pertaining to assessment roll procedures as provided in Attachment A.

A. Description of the Staff Recommendation

Staff recommends that the proposed revisions to the Assessment Roll Procedure Rules as shown on Attachment A, "SBE Staff Version," be authorized for publication and submitted to the Office of Administrative Law for publication in the California Regulatory Notice Register.

The proposed amendments revise the rules to reflect current technology in the electronic format used for roll processing and record keeping and to require specific items on the assessment roll, which are prescribed by statute. The proposed additions interpret and implement statutory changes related to assessment roll procedures concerning the making of and correction of roll entries. The proposed repeals delete outdated procedures that are not required by statute. The proposed renumbering places the rule within the appropriate subchapter and article governing assessment roll procedures.

B. Pros of the Staff Recommendation

- Updates local assessment roll rules to provide appropriate guidance by eliminating procedures not consistent with current processing and record-keeping technology.
- Conforms current rules and adds new rules to bring the assessment roll procedures in conformity with current statutory requirements.
- Repeals rules that reflect obsolete practices.

C. Cons of the Staff Recommendation

- Proposed amendments include outdated procedures required by statute, which should be repealed by legislation.
- The Los Angeles County Assessor contends that proposed Rule 264 interprets Revenue and Taxation Code Section 51.5, subdivision (b) in a manner contrary to the intent of the Legislature when it adopted that provision.

D. Statutory or Regulatory Change

Action by the Board on the attached Property Tax Rules will amend sections 252, 254 and 261, add sections 255, 263, 264 and 265, repeal sections 253, 256 and 262 and renumber section 304 as 266 in Title 18 of the California Code of Regulations.

E. Administrative Impact

None.

F. Fiscal Impact

1. Cost Impact

No additional costs will be incurred for authorizing publication of the proposed amendments, since this is considered part of the routine workload for the BOE.

2. Revenue Impact

None. (See attached Revenue Estimate.)

G. Taxpayer/Customer Impact

None.

H. Critical Time Frames

The assessment roll closes and is transmitted annually by the assessor to the county auditor by June 30. In order for assessors to have this guidance for the processing of the 2002-03 roll, the Property Tax Committee should authorize publication of amendments to the Rules at its meeting on September 12, 2001.

VI. Alternative 1 (Los Angeles County Assessor's Proposal)

Adopt the proposed amendments to Property Tax Rules 252, 254 and 261, proposed additions of rules 255, 263 and 265, proposed repeal of rules 253, 256 and 262 and proposed renumbering of rule 304 to 266, but do not adopt new Property Tax Rule 264, *Base Year Value Corrections*.

A. Description of the Alternative

Authorize publication of the proposed changes, but accept Los Angeles County Assessor's proposal to not include the addition of new Property Tax Rule 264, Base Year Value Corrections. The proposed language at issue interprets the provision of section 51.5, subdivision (b) which defines the period within which the assessor is required to make corrections of base year value errors that result from an exercise of value judgment. Subdivision (b) of section 51.5 provides that such corrections must be made "within four years after July 1 of the assessment year for which the base year value was first established."

Staff's proposed language in new Rule 264 (b) states that " 'the assessment year for which the base year value was first established' means the assessment year commencing with the first lien date next succeeding the date of the change in ownership or completion of new construction giving rise to the new base year value." Los Angeles County disagrees with this proposed language and believes that the legislative intent of Revenue and Taxation Code section 51.5(b) is for the date of the value enrollment to be the controlling date for commencement of the period within which the base year value must be corrected.

Under the staff proposal, the four-year period for making corrections starts running from the lien date following the actual reappraisal event, either a change in ownership or completion of new construction. Thus, if a change in ownership occurred in 1999 but the base year value was not enrolled until December 31, 2001, the assessor would have only two years until December 31, 2003 to make any corrections.

The Los Angeles County Assessor's proposal provides that the four-year period does not commence until the base year value is actually enrolled by the assessor. Thus, under same facts, if a change in ownership occurred in 1999 but was not enrolled until December 31, 2001, the assessor would have a full four years until December 31, 2005 to make any corrections.

B. Pros of the Alternative

With the exception of Rule 264, staff's recommended proposals regarding rules 252, 253, 254, 255, 256, 261, 262, 263, 265, 266 and 304:

- Updates local assessment roll rules to provide appropriate guidance by eliminating procedures not consistent with current processing and record-keeping technology.
- Conforms current rules and adds new rules to bring the assessment roll procedures in conformity with current statutory requirements.
- Repeals rules that reflect obsolete practices.

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Not adopting proposed new Rule 264, Base Year Value Corrections:

- Allows assessors the flexibility to determine when the four-year statute of limitations for making base year value corrections begins.
- Benefits taxpayers by giving the assessor broader latitude to make corrections which are retroactive to the lien date for which the base year value is first established. A taxpayer who files an application requesting a base year value reduction under section 80 (Application for reduction in base-year value) is entitled only to prospective relief for the year in which the application is filed and subsequent years. Therefore, if a taxpayer fails to file an application in the first year that the base year value may be appealed, he or she would not be entitled to a reduction for that year or any prior years in which the assessor had failed to enroll the base year value. If the assessor has a full four years from the date of enrollment in which to make corrections, however, and agreed that a correction should be made, then a taxpayer could be afforded retroactive relief.
- Allows assessors greater latitude in making corrections which would make changes to the base year value.

C. Cons of the Alternative

In regard to the Los County Assessor's proposal to not adopt proposed new rule 264, *Base Year Value Corrections* staff believes that:

- The rule is necessary to promote uniformity in the proper interpretation of subdivision (b) of section 51.5. The lack of uniformity has resulted in inconsistent treatment by county assessors with respect to correction of base year value errors involving the exercise of value judgment.
- Staff's interpretation is consistent with the plain language of section 51, subdivision (b) which provides that the four year correction period commences on July 1 of the assessment year for which the base year value was first established. Pursuant to section 50, the base year value is established on the first lien date next succeeding the date of the change in ownership or completion of new construction.

D. Statutory or Regulatory Change

Action by the Board on the attached Property Tax Rules will amend sections 252, 254 and 261, add sections 255, 263, and 265, repeal sections 253, 256 and 262 and renumber section 304 as 266 in Title 18 of the California Code of Regulations.

E. Administrative Impact

None.

F. Fiscal Impact

1. Cost Impact

No additional costs will be incurred for authorizing publication of the proposed amendments, since this is considered part of the routine workload for the BOE.

2. Revenue Impact

None. (See attached Revenue Estimate.)

G. Taxpayer/Customer Impact

None.

H. Critical Time Frames

The assessment roll closes and is transmitted annually by the assessor to the county auditor by June 30. In order for assessors to have this guidance for the processing of the 2002-03 roll, the Property Tax Committee should authorize publication of amendments to the Rule at its meeting on September 12, 2001.

Prepared by: Property Taxes Department; Policy, Planning, and Standards Division
Legal Division; Property Taxes Section

Current as of: August 27, 2001



PROPERTY TAX RULES ON LOCAL ROLL PROCEDURES

Staff Recommendation

Staff recommends that the proposed revisions to the Assessment Roll Procedure Rules as shown in Attachment A, of the issue paper, be authorized for publication and submitted to the Office of Administrative Law for publication in the California Regulatory Notice Register.

Alternative 1

The Board could authorize publication, but accept the Los Angeles County Assessor's proposal to not adopt the addition of new Property Tax Rule 264, *Base Year Value Corrections*.

Background, Methodology, and Assumptions

Staff Recommendation:

The staff recommendation has no revenue effect.

Alternative 1:

Alternative 1 has no revenue effect.

Revenue Summary

The staff recommendation has no revenue effect.

The alternative proposal has no revenue effect.

Preparation

This revenue estimate was prepared by David E. Hayes, Research and Statistics Section, Agency Planning and Research Division. This revenue estimate was reviewed by Ms. Laurie Frost, Chief, Agency Planning and Research Division and Mr. Richard Johnson, Deputy Director, Property Tax Department. For additional information, please contact Mr. Hayes at (916) 445-0840.

Current as of August 22, 2001.

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Rule 252. CONTENT OF ASSESSMENT ROLL

(a) **Minimum Contents of "Machine-Prepared" or "Electronic" Local Rolls.** If "Machine-prepared" roll within the meaning of Revenue and Taxation Code §Section 109.5, includes any preparation of the local roll by the assessor of each county by an electronic medium. In accordance with Revenue and Taxation Code section 601 et seq., each local assessment roll shall contain, at least a minimum, the following information:

(1) The name of the county.

(2) Either the calendar year in which the roll is prepared or the fiscal year for which the taxes are levied.

(3) An explanation of abbreviations and legends appearing on the roll.

(4) On the secured roll, the assessor's The parcel number or other legal description of that identifies each parcel of taxable land, and each parcel for which an exemption is enrolled, and each taxable possessory interest in tax-exempt real estate to which the exemption authorized by section 218 of the Revenue and Taxation Code has been applied. The assessment of the taxable possessory interest shall not be a lien on the tax-exempt real estate and that fact shall be noted on the secured roll.

(5) On the unsecured portion of the roll, a description or designation the assessor's parcel number or other legal description that sufficiently identifies the location of the location of each taxable possessory interest, improvement, and personal property sufficient to identify the property, such as the number of the parcel on which located.

(6) The name of the assessee, if known.

(7) The latest mailing address (not an e-mail address) of the assessee contained in the assessor's records. ~~If the county auditor prepares a separate roll on which to extend taxes, however, the address need not be shown on the roll prepared by the assessor.~~

(8) The separately stated assessed values of all land, improvements, and personal property subject to taxation at general property tax rates (or payments in lieu of property tax computed by applying general property tax rates to fixed or variable "assessed values"), and the separately assessed values of any privately owned land, improvements, and personal property of a type exempt from taxation, but subject to ad valorem special assessments when within a district levying such assessments. If real property is situated within a resource conservation district that is levying a special assessment, the assessed value of ~~standing trees, timber, and~~ mineral rights must be separated from the land value.

(9) The tax rate area in which each piece of property assessed is situated.

~~(9)(10)~~ The penalties imposed upon such assessments, in the form required by rule 261Section 261, Title 18 (Rule 261) of this code.

~~(10)(11)~~ The assessed value of any property that escaped assessment in a prior year, together with the notation required by §Section 533 of the Revenue and Taxation Code.

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~~(11)~~(12) The exempt amount of any assessed values required by paragraph (a)(98) to be enrolled, with identifying legends or distinctive positions for amounts allowed pursuant to any reimbursable exemption.

~~(12)~~(13) The total net taxable value.

~~(13)~~(14) In a separate section of the roll, the assessed value of any personal property for which tax revenues are subject to allocation in a manner different from that provided for general property tax revenues (e.g., general aircraft).

~~(14)~~(15) On the secured roll, a cross-reference notation made pursuant to Revenue and Taxation Code sSection 2190.2 that is adjacent to the assessment of any taxable land when a possessory interest in such land or an improvement thereon is separately assessed to another owner pursuant to sSection 2188.2 of the Revenue and Taxation Code.

(16) Whenever the assessor determines that a change in ownership or the completion of new construction has occurred, the assessor shall place a notice of the pending supplemental billing on the roll being prepared and shall notify the auditor, who shall place a notation on the current roll or on a separate document accompanying the current roll that a supplemental billing may be forthcoming.

(17) After each assessment of tax-defaulted property, the assessor shall enter on the roll the fact that it is tax-defaulted and the date of declaration of the default.

(18) Any other items required by the State Board of Equalization.

(b) Exempt Values not Required to be Enrolled. Parcel numbers or other legal descriptions of ~~other~~ exempt real property may be entered on the roll without values. Alternatively, such exempt real property may be listed with values shown in a separate column or field (e.g., ~~the remarks column~~ a comments field) or in the exemption column or field on lines that are coded in such manner as to preclude the addition of the values when the exemption column or field is totaled; the exempt values shall not be shown in land or improvement columns or fields.

(c) Content of Extended Roll. The extended assessment roll or new local assessment roll for the extension of taxes prepared by the county auditor shall contain, in addition to all of the contents required by ~~paragraph~~ subsection (a) of this rule~~preceding~~, at least the following:

(1) The mailing address, if known, of the assessee.

(2) The ~~tax rate area number~~ revenue district for each group if assessments are grouped by ~~tax rate area~~ revenue district, and for each assessment if assessments are not so grouped.

(3) All tax rates and ad valorem special assessment extensions required by law.

(4) The amount of tax to be paid on the property listed. The amounts due in installments shall be stated separately and shall be totaled. All rates applicable to any assessment may be combined into a single figure for purposes of computation and extension of the roll.

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~~(4)(5)~~ At the beginning of the roll, or at the beginning of each tax-rate area grouping on the roll, a list of all revenue districts levying taxes within each tax-rate area in the county.

~~(5)(6)~~ An identification of each tax-~~sold~~ defaulted property sold ~~as such~~, with the date of sale.

(d) Minimum Contents of Local Rolls not Machine-Prepared. The local roll of each county utilizing a roll that is not "machine-prepared" within the meaning of Revenue and Taxation Code ~~s~~Section 109.5 shall have the contents specified in ~~subdivisions~~ subsections (a) and (c) of this ~~section~~ rule.

(1) The secured assessments shall be arranged in ascending parcel number order within tax-rate area groupings, with unparcelled properties at the end of each tax-rate area group if there are both parcelled and unparcelled properties in the tax-rate area.

(e) Approval of Roll Forms.

(1) Whenever the local assessment roll is to be prepared in a form other than that previously approved by the board, the assessor shall submit to the board for approval in duplicate by ~~March~~ January 1 the forms to be used for the succeeding fiscal year.

(2) Forms to be submitted include, but are not ~~necessarily~~ limited to, the following:

- A. Secured roll prepared by the assessor.
- B. Secured roll alphabetical index.
- C. Unsecured roll prepared by the assessor.
- D. Unsecured roll alphabetical index.
- E. Notice of assessment.
- F. Notice of supplemental assessment.
- G. Notice of escape assessment.
- H. Notice of proposed escape assessment.

(3) When submitted for approval, each roll form listed in (2) shall be filled out with examples sufficient to illustrate its completed appearance, except that totals and summaries need not be shown.

(f) Nothing in this rule is meant to alter the intent of section 109.6 of the Revenue and Taxation Code.

Authority: Section 15606, Government Code.

Reference: Sections 75.30, 75.31, 109, 109.5, 109.6, 533, 601, 602, 618, 1612, 1614, 1646, 2152, 2188.2, 2190, 2190.2, 2601, Revenue and Taxation Code.

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~~Rule 253. MACHINE-PREPARED ROLL; CONTROLS.~~

~~In any county utilizing a machine prepared roll whose county auditor prepares a new local assessment roll on which to extend taxes, the following controls shall be maintained:~~

~~(a) Columnar totals for land, improvements and personal property, the columnar total of allowable exemptions, with separate subtotals for the homeowner's exemption, and the columnar total of the net assessed value shall be computed and made a part of both the unextended roll and the extended roll.~~

~~(b) A tabulation showing the totals of the net assessed values and the tax extensions for each tax area shall be prepared and made a separate portion of the extended roll.~~

~~(c) A tabulation of any changes made by the county board of equalization, together with a reconciliation of the totals to the totals of the original assessment roll, shall be added to and made a part of the extended assessment roll each month. The tabulation shall show the roll column totals as of the beginning of the month, each change during the month, including penalties, and the roll column totals as of the end of the month.~~

~~(d) The extended assessment roll shall incorporate all changes and orders made by the county board and all changes, cancellations, or corrections made pursuant to law. The nature and amount of the changes, cancellations, or corrections shall be kept as a separate part of the roll.~~

~~Authority: Section 15606, Government Code.~~

~~Reference: Sections 109, 109.5, 618, 1612, 1614, 1646, 2152, 2601, Revenue and Taxation Code.~~

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Rule 254. USE OF BOARD-PREPARED ROLL AS UNEXTENDED ROLL.

Any county utilizing a machine-prepared roll whose county auditor prepares a new assessment roll on which to extend taxes may use the roll prepared by the state board for state-assessed properties as the unextended assessment roll. In such case, the assessments of state-assessed properties shall be kept in a separate section or sections ~~volume or volumes~~ of the extended roll and the values shall be separately totaled.

Prior to delivery of the extended roll to the tax collector the auditor shall affix to the ~~volume or volumes~~ section or sections of the extended roll containing state-assessed property an affidavit subscribed by him or her as follows:

"I, ____, Auditor of ____ County, swear that the attached roll is a reproduction of the assessments of state-assessed properties in this county as prepared and corrected by the State Board of Equalization, together with the extensions required by law."

Nothing in this rule is meant to alter the intent of section 109.6 of the Revenue and Taxation Code.

Authority: Section 15606, Government Code.

Reference: Sections 109, 109.5, 618, 1612, 1614, 1646, 2152, 2601, Revenue and Taxation Code.

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Rule 255. ENROLLMENT OF SUPPLEMENTAL ASSESSMENTS.

(a) When the period for claiming exemption has expired, and any exemptions have been processed, the assessor shall transmit the supplemental assessment and the following information to the auditor:

(1) Name and address, if known, of the assessee.

(2) The parcel number or legal description of the property.

(3) The tax rate area in which the property is located.

(4) The new base year value of the property with the value for the land separated from the value for improvements.

(5) The value of the property on the current roll, or the roll being prepared, or both.

(6) The exemption applicable, if any.

(7) The net supplemental assessment after exemption, or the values required for the auditor to calculate and bill the supplemental value.

(8) The date of the change of ownership or completion of new construction.

(b) The auditor shall apply the current year's tax rate, as defined in section 75.4 of the Revenue and Taxation Code, to the supplemental assessment or assessments, computing the amount of taxes that would be due for a full year. If the tax rate for the "roll being prepared" is known, the rate may be used with respect to the fiscal year to which it applies, rather than the current year's tax rate as defined in section 75.4. If the tax rate for the "roll being prepared" is not known, the current year's tax rate as defined in section 75.4 shall be used. For property on the supplemental roll, the taxes due shall be computed in two equal installments.

(c) The taxes due shall be adjusted by a proration factor as set forth in section 75.41 of the Revenue and Taxation Code to reflect the portion of the tax year remaining as determined by the date on which the change in ownership occurred or the new construction was completed. In computing the portion of the tax year remaining, the change in ownership or completion of new construction shall be presumed to have occurred on the first day of the month following the date on which change in ownership or completion of new construction occurred.

(d) After computing the supplemental taxes due, if the total is twenty dollars (\$20) or less, the auditor may cancel the amount as provided by section 4986.8 of the Revenue and Taxation Code.

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1 (e) If the supplemental assessment is a negative amount, the auditor shall follow the
2 procedures of section 75.41 of the Revenue and Taxation Code to determine the amount
3 of refund to which the assessee may be entitled.

4 (f) No supplemental assessment authorized by this regulation shall be valid, or have any
5 force or effect, unless it is placed on the supplemental roll on or before the applicable
6 date specified in Revenue and Taxation Code section 75.11.

7 (g) No limitations period specified in Revenue and Taxation Code section 75.11 shall
8 commence unless the filing or transmittal specified in the relevant paragraph has been
9 completed.

10 (h) If, before the expiration of the applicable period specified in subsection (f) for
11 making a supplemental assessment, the taxpayer and the assessor agree in writing to
12 extend the period for making a supplemental assessment, correction, or claim for refund,
13 a supplemental assessment may be made at any time prior to the expiration of that
14 extended period. The extended period may be further extended by successive written
15 agreements entered into prior to the expiration of the most recent extension.

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18 Authority: Section 15606, Government Code.

19 Reference: Sections 75.7, 75.11, 75.21, 75.40, 75.41, 75.42, Revenue and Taxation Code.

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1 **~~Rule 256. TAPE STORAGE OF ROLL DATA.~~**

2 ~~Nothing in Sections 252 to 254, inclusive, is meant to alter the intent of Section 109.6 of~~
3 ~~the Revenue and Taxation Code.~~

4

5

6 ~~Authority: Section 15606, Government Code.~~

7 ~~Reference: Sections 109, 109.5, 618, 1612, 1614, 1646, 2152, 2601, Revenue and Taxation Code.~~

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Rule 261. PENALTIES; FORM AND MANNER OF ENTRY.

(a) A penalty imposed under sections 463, 503 or 504 of the Revenue and Taxation Code shall be entered on the local roll in any one of the following forms:

(1) ~~(a)~~ By adding 10 percent or 25 percent or the prescribed percentage or maximum allowable dollar amount, as the case may be, to the assessed value of each class of property to which the penalty is applicable and referencing the values so increased to footnotes or entries in the ~~remarks column or comment field~~ which read: "Includes __% penalty or the maximum allowable dollar amount penalty added pursuant to Sec. ____, R & T Code," or words substantially to this effect.

(2) ~~(b)~~ By inserting the amount to be added to the assessed value of each class of property ~~below the assessed value~~ and identifying the penalty by an entry ~~on the same line but in another column or other columns~~ which reads: "Penalty added pursuant to Sec. ____, R & T Code," or words substantially to this effect.

(3) ~~(c)~~ By entering the amount to be added to the assessed value of each class of property in another part of the roll, together with the name and address of the assessee, the tax rate area code, the words "Penalty added pursuant to Sec. ____, R & T Code" or words substantially to this effect, and a cross reference to the place on the roll at which the assessed values are entered. When this manner of enrolling penalties is chosen, the assessed value entries shall be cross-referenced to the penalty entries.

(b) A penalty imposed under sections 75.12, 480, 480.1, 480.2, 480.7 or 482 of the Revenue and Taxation Code shall be added to the roll in the same manner as a special assessment and treated, collected, and subject to the same penalties for the delinquency as all other taxes on the roll in which it is entered.

Authority: Section 15606, Government Code.

Reference: Sections 505, 533, 602, 615, Revenue and Taxation Code.

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1 **~~Rule 262. INDEXING ASSESSMENTS OF ESCAPED PROPERTY.~~**

2 ~~*Reference:* Sections 505, 532, 615, Revenue and Taxation Code.~~

3 When an assessment is made of property which has escaped assessment a reference to the
4 assessment shall be included in the alphabetical index of the roll. If the assessment is
5 made after the roll has been delivered to the auditor, and writing the reference in its
6 proper alphabetical order is not mechanically feasible, the reference may appear in a
7 supplement to the index alphabetized at least to the first letter.
8

9 ~~*History:* — Adopted October 6, 1966, effective October 6, 1966.~~

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Rule 263. ROLL CORRECTIONS.

(a) Any error or omission not involving the exercise of value judgment which results in an incorrect entry or entries on the roll may be corrected after the roll is delivered to the auditor, provided that the correction is made within four years after the making of the assessment that is being corrected.

(1) If an error or omission not involving the exercise of value judgment is discovered as the result of an audit of a taxpayer's books and records, that error or omission may be corrected at any time prior to the expiration of six months after the completion of the audit.

(b) Any error or omission involving the exercise of value judgment that arises solely from a failure to reflect a decline in the taxable value of real property as required by paragraph (2) of subdivision (a) of Revenue and Taxation Code section 51 shall be corrected within one year after the making of the assessment that is being corrected.

(c) Any incorrect entry on the roll resulting from a defect of description or clerical error, as determined by the assessor upon audit, made by the assessee in the property statement or in other information or records which causes the assessor to assess taxable tangible property which was not subject to assessment or to assess taxable tangible property at a substantially higher value may be corrected under this rule. The correction shall be made after the roll is delivered to the auditor within the time period for making escape assessments as provided in Revenue and Taxation Code sections 532 and 532.1. The change to be made on the roll shall be certified to the auditor by the assessor.

(d) If a correction will increase the amount of unpaid taxes, the assessor shall notify the assessee of the procedure for obtaining review by the county board under Revenue and Taxation Code section 1605 and the procedure for applying for cancellation under Revenue and Taxation Code section 4986.

(e) If a correction will decrease the amount of unpaid taxes, the consent of the board of supervisors is necessary to make the correction.

(f) Corrections authorized under this rule shall be made by the auditor upon delivery of the relevant information by the assessor.

(g) The provisions of this rule do not apply to escape assessments caused by the assessee's failure to report the information required by article 2 (commencing with section 441) of Chapter 3 of Part 2 of the Revenue and Taxation Code, and roll corrections are not a prerequisite for escape assessments or base year value corrections.

(h) If the roll of any taxing agency in the course of preparation is lost or destroyed because of public calamity and is reconstructed from available data, at any time before the declaration of default the assessor may correct any erroneous assessment. The assessor shall:

(1) Send certified notices of the correction to the tax collector, the auditor, and the Controller.

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1 (2) Enter the date and nature of the correction with reference to the property on the roll to
2 which it relates.

3 (i) On receipt of satisfactory, verified, written evidence that taxes have been entered on the
4 secured roll as a lien on real property on which they are not legally a lien, the assessor shall
5 transmit the evidence and his or her cancellation to the auditor. On direction of the board of
6 supervisors, the auditor shall cancel the entry as a lien on that real property and reenter such
7 taxes as follows:

8 (1) If the assessee has real property sufficient, in the assessor's opinion, to secure the
9 payment of the taxes, as a lien on real property.

10 (2) Where there is not sufficient real property to secure the taxes on locally-assessed
11 property, the taxes shall be placed on the unsecured roll. In the case of state-assessed
12 property, the taxes shall be placed on the secured roll.

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14
15 Authority: Section 15606, Government Code.

16 Reference: Sections 4831, 4831.5, 4834, 4835, 4836, 4838, and 4840, Revenue and Taxation Code.

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Rule 264. BASE YEAR VALUE CORRECTIONS.

(a) Notwithstanding any other provision of the law, any error or omission in the determination of a base year value pursuant to paragraph (2) of subdivision (a) of section 110.1 of the Revenue and Taxation Code, including the failure to establish that base year value or the determination of a change in ownership, which does not involve the exercise of an assessor's judgment as to value, including a clerical error, shall be corrected in any assessment year in which the error or omission is discovered.

(1) The existence of a clerical error shall be proved by a preponderance of the evidence, except that if the correction is made more than four years after July 1 of the assessment year for which the base year value was first established the clerical error shall be proved by clear and convincing evidence, including the papers in the assessor's office.

(b) An error or an omission described in subsection (a) which involves the exercise of an assessor's judgment as to value may be corrected only if it is placed on the current roll or roll being prepared, or is otherwise corrected, within four years after July 1 of the assessment year for which the base year value was first established. "The assessment year for which the base year value was first established" means the assessment year commencing with the first lien date next succeeding the date of the change in ownership or completion of new construction giving rise to the new base year value. An error or an omission involving the exercise of an assessor's judgment as to value shall not include errors or omissions resulting from the taxpayer's fraud, concealment, misrepresentation, or failure to comply with any provision of law for furnishing information required by sections 441, 470, 480, 480.1, and 480.2 of the Revenue and Taxation Code, or from clerical errors.

(c) If a correction authorized by subsection (a) or (b) reduces the base year value, the assessor shall transmit the correction to the auditor by means of information noted on the roll and appropriate cancellations or refunds of tax shall be granted in accordance with Division 1 of the Revenue and Taxation Code. If the correction increases the base year value, the assessor shall transmit the information regarding the correction to the auditor by means of a notation on the roll and appropriate escape assessments shall be imposed in accordance with Division 1 of the Revenue and Taxation Code.

(d) For purposes of this rule:

(1) "Assessment year" means an assessment year as defined in Revenue and Taxation Code section 118.

(2) "Clerical errors" means only those defects of a mechanical, mathematical, or clerical nature, not involving judgment as to value, where it can be shown from papers in the assessor's office or other evidence that the defect resulted in a base year value that was not intended by the assessor at the time it was determined.

Authority: Section 15606, Government Code.

Reference: Sections 51.5, Revenue and Taxation Code.

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Rule 265. BOARD ORDERED ROLL CHANGES.

On the second Monday of each month the clerk of the board of equalization shall deliver the statement of all changes made by the county board during the preceding calendar month to the auditor with an affixed affidavit, subscribed by him or her, as follows:

"I, (clerk's name), swear that, as Clerk of the Board of Equalization of (county name) County, I have kept correct minutes of all the acts of the board during the month of (month/year) touching alterations in the assessment roll, that all alterations agreed to or directed to be made have been included in the attached statement and that no other alterations are included therein."

Upon receiving a statement of changes from the clerk, the auditor shall promptly correct the roll to reflect the changes made by the county board.

Authority: Section 15606, Government Code.

Reference: Sections 1614 and 1646.1, Revenue and Taxation Code.

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1 **Rule ~~304~~ 266. LOCATION OF LOCAL ROLL FOR INSPECTION.**

2 The local roll or a copy thereof shall be made available for inspection by all interested
3 parties during regular office hours of the officer having custody thereof. Copies may be
4 made available for inspection at other places for the convenience of the public.

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7 *Authority:* Section 15606, Government Code

8 *Reference:* Section 1602, Revenue and Taxation Code.

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